UNITED STATES PATENT AND TRADEMARK OFFICE

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UNITED STATES PATENT AND TRADEMARK OFFICE

**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

MAILED

Application Number: 09/697,009
Filing Date: October 25, 2000
Appellant(s): DAVIS ET AL.

JUL **2 4** 2007

GROUP 3600

William Y. Conwell
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed on March 16, 2006 appealing from the Office

action mailed on January 31, 2005 and to the Reply Brief recorded on 07/17/2006 replying to the

Examiner's Answer.

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The Examiner is not aware of any related appeals, interferences or judicial proceedings, which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct. However, contrary to the Appellant's remarks, the restriction was made final as featured in the last Final Office Action mailed on 10/21/2003. Hence, claim 3 was supposed to be canceled by the Appellant. Furthermore, regarding the IDS, filed on 09/15/03, the Examiner had considered or initialed the PTO Form 1449 except for the NPL documents, which were not submitted with the Application because they were filed with the parent Application. The Examiner had unsuccessfully contacted the Examiner who worked on the parent Application. However, the Examiner stated that he was no longer in possession of those documents and that he was promoted to a SPE and no longer dealt with examination or prosecution of applications per se. The Examiner of record had shared the latter information with the Appellant and had requested that the Appellant submit new copies of those documents if he wants them to be considered by the Office. Since the Appellant never provided those documents, as requested by the Examiner, the Examiner could not consider them. It appears here that the Appellant is no longer in possession of the said documents and wants the Examiner to improperly and unlawfully

consider them anyway, without checking or reading them for relevant disclosure, because they

were originally submitted with a parent Application.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

4,674,041	Lemon	06-1987

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claim 2 and 5-7 are rejected under 35 U.S.C. 103(a) as being unpatentable over Lemon,

US Patent 4, 674, 041.

**(Here, the digital watermark on the object, as presented in claims 2 and 5, will be
given patentable weight, as intended))**

As per claim 2 and 5-7, Lemon discloses a system having remotely located coupon printing

stations installed in stores and capable of limiting the number of coupons printed in a given time

period. Each coupon station has a display for indicating the available coupons, selection means to

allow a consumer to choose the desired coupon and a coupon printer coupled to a station (T) for

printing the selected coupon. The system also disables display of a particular coupon when a pre-

selected coupon limit has been reached (col. 2: 16-19; col. 3: 39-54; col. 4: 47-51). The manufacturer

may prescribe a particular number of coupons to be redeemed collectively and at each particular retail store. The present invention also greatly reduces the possibility of <u>fraud</u> by enabling coupons to be encoded with store <u>identification</u> numbers, expiration dates, uniform product codes, and other information at the point of distribution. The system provides point of sale distribution and same day expiration dates (col. 1: 55-67).

The system includes a stand-alone coupon-dispensing terminal T or kiosk provided at each retail store or location. Each stand-alone terminal communicates with a host central processing unit located remote from the stores (remote central repository or database storing coupon data). Coupons are displayed for customer selection at each dispensing terminal on a video menu via a cathode ray tube and touch screen combination. Each terminal may be monitored and controlled via the host computer to obtain data such as the number of coupons issued and the <u>identification</u> of customers using the terminal. **The system enables the manufacturer to limit the number of a particular coupon issued from a terminal at a store as well as the number issued in response to activation by a particular credit <u>card.</u>**

Each terminal T, linked to the remote central database, includes a self contained high speed coupon printer, which prints the product information, date, time of day, uniform product code, expiration date, a store <u>identification</u> number or any other information desired for particular **applications** on each coupon issued. Each terminal T has at least a reader device capable of reading a magnetic strip on a credit card (col. 2: 5-28). A host computer H, related to the central database, is programmed to receive from a plurality of terminals T, installed at a plurality of stores, coupon transaction information including the number and type of coupons dispensed, store <u>identification</u> numbers, and customer <u>account</u> numbers. Host computer H is programmed to use the information to generate the weekly reports 4 and 6, shown in fig. 1, for the manufacturer and related retailers

respectively (col. 4: 5264). Hence, the manufacturer is able **to prescribe limits for distribution of**

particular coupons on a collective and per store basis, as depicted fig. 1. The report 4 is

provided to the manufacturer on a periodic basis, such as a weekly basis and includes coupon

distribution information for each retail outlet. Report 4 may include the number of coupons

dispensed, the store _identification_ information, the dates and times of distribution, and customer

identification data. This information is valuable to the manufacturer both as an aid in analyzing its

marketing techniques and in detecting _fraudulent_ coupon distribution or redemption. The report 6

provided to retailers is essentially like report 4 but includes information only as to the particular

retail store(s) involved (col. 3: 39-54; fig. 1).

A customer enters a participating store having a terminal T, with a reader or

Activator A coupled thereto, and uses an identification means such as a typical credit card

to activate or access via the Activator A the coupon dispenser or terminal T (first location)

to view or select at least one coupon. Upon detecting or sensing the presence of the credit

card in its circuitry, Activator A reads the data encoded on magnetic tape or strip

imprinted on the consumer's inserted _credit card._ Then, Activator A provides a signal to

activate terminal T to the coupon-dispensing mode. Using a _credit card_ as an activator or

identification means provides the informational capability to limit the number of

unauthorized transactions or printed coupons, utilizing the same credit card at the same

terminal T, and further prevents children from activating the machine or coupon dispenser T.

Subsequently, terminal T, at the first location, retrieves and displays only coupons currently

available to the identified consumer, identified via the credit card having a unique account

number or identifier. Here, the customer can select and print at least one coupon via a printer

connected to the terminal T (presenting the customer's credit card or object to a first reader

device at a first location or terminal T installed at a first store and triggering a first response or

issue a first coupon to the customer).

Further, upon activation, terminal T determines whether the same <u>credit card account</u>

number has been used within the last week or other pre-designated period by comparing the

present <u>credit card</u> number with those stored in memory or database coupled to processor 22 of

the terminal T. If so, microcomputer 22 permits only those coupons still available for selection

by that particular customer <u>account</u> number to be displayed. If, for example, the manufacturer

has prescribed a one per customer limit for a coupon, and that coupon has been previously

issued to the customer under the same credit card <u>account</u> number, then the coupon will not be

displayed. Furthermore, even if the particular credit <u>account</u> number has no selection history

and if the maximum number of a particular coupon either collectively or on a store-by-store

basis has been issued, that coupon will no longer be displayed. In this fashion, a manufacturer is

provided with much more control over the maximum redemption liability. It should be

recognized here that the customer comes to the (first) store and presents his credit card or

object to a first reader device or Activator A, coupled to a first terminal T or kiosk, which senses

the card and reads the customer's account number and issues a first response or a first coupon

accordingly. Then the customer takes the issued or printed coupon to the cashier at the first

store and uses the same object or credit card to identify himself, during the transaction, to

thereby trigger a second response or a redemption of the coupon and/or to simply pay for the

transaction, which involves the redemption of the coupon upon acquiring or purchasing

the required product (sensing the same object at the first store checkout or cash register

reader or second reader and triggering a second response or a redemption process or a

payment process). It should further be understood that the customer can subsequently

take the same object or credit card to a second store or POS and present it to a second

reader device or Activator A, coupled to a second and different terminal T or kiosk,

which senses the card and reads the customer's account number and issues a second

different response or a second different coupon, different from the first response or the

first coupon issued at the first store or store terminal or kiosk T, based on the coupons

currently available to the customer as per the central database or as per the coupons or

promotions for the second store or based upon information related to the customer's

credit card or object account number stored in the second terminal T or processor 22

database installed in the second store, wherein the first coupon may not even be

available, under the customer's credit card account, if it was a one per customer-only or

one time type coupon or promotion (col. 5: 45 to col. 6:10; col. 10: 17-61; col. 19: 51 to

col. 20: 5; col. 29: 66 to col. 30: 20).

Lemon does not explicitly disclose digitally watermarking an object, such as

a coffee cup, and decoding the information therefrom (here, the decoding process is

clearly expected in reading the watermarked object).

However, electronically or digitally watermarking an object or document to ensure their

authenticity to thereby identify or detect any copies of the object or document is old and well

known in the art. Indeed, a watermark is a mark, which is difficult to reproduce and it is laid over

some other existing information for the purpose of identification and authenticity of the

underlying information (e.g. visible watermark on US currency). Further, electronic or digital

watermark is invisible or imperceptible to the user. Therefore, electronically or digitally

watermarking an object (credit card) or document makes it impossible to reproduce the object

since the photocopies of the said object will not contain the invisible or imperceptible watermark

(mark) ("Official Notice").

Furthermore, watermarking a coffee cup or a jacket for a coffee cup (placing the

watermark on a coffee cup or jacket for a coffee cup) is a matter of choice or desires, which

does not directly affect the functionality or the utility of the system and in the end produces

the same result. Technically speaking, the watermark can be placed on any article of

commerce or product (including a credit card) without affecting the functionality of the

system (This fact is supported by the specification).

Therefore, an ordinary skilled artisan would have been motivated at the time of the

invention to incorporate the above disclosure ("Official Notice") into the coupon distribution

system of Lemon so as to create a digital watermark image and then embed the watermarked

image, containing customer's information used to assist in authenticating the credit card and/or

the credit card holder, into the customer's credit card or imprint an invisible digital mark on the

customer's credit card and to use a watermark reader, coupled to a terminal T operable to decode

the digital watermark sensed or detected from the customer's credit card when the customer

presents the digitally watermarked credit card to the watermark reader to activate the terminal T

and receive a first coupon at a first location and a second and different coupon at a second

location when the same credit card is sensed or read by a second watermark reader device,

wherein the second coupon is different from the first coupon, thereby adding an extra layer of

security or protection to the coupon distribution and redemption system by completely

eliminating the possibility that a malicious customer might duplicate a credit card (making credit

card copies) and attempt to access a terminal T at a participating location to print one or more

coupons associated with the credit card account for the digital watermark cannot be reproduced, while

providing full control over the distribution and redemption of the coupons to the manufacturer who

cannot be duped by unscrupulous customers using phony and unregistered credit cards, as identification

means, to access the system (i.e. credit cards without an embedded digital watermark).

I. **In Response To The Appeal Brief Filed on 03/16/06**

(10) Response to Argument

First, Appellant's arguments related to the 35 USC 102 Rejection are moot since the

Examiner has herein withdrawn the Rejection.

Second, in general and as per claims 2 and 5-7, Lemon teaches, contrary to the

Appellant's findings, a coupon distribution and redemption system wherein a customer enters a

participating store having a terminal T, with a reader or Activator A coupled thereto, and uses an

identification means such as a typical credit card to activate or access via the Activator A the

coupon dispenser or terminal T (first location) to view or select at least one coupon. Upon

detecting or sensing the presence of the credit card in its circuitry, Activator A reads the data

encoded on magnetic tape or strip imprinted on the consumer's inserted <u>credit card.</u> Then,

Activator A provides a signal to activate terminal T to the coupon-dispensing mode. Using a

<u>credit card </u>as an activator or identification means provides the informational capability to limit

the number of unauthorized transactions or printed coupons, utilizing the same credit card at the same

terminal T, and further prevents children from activating the machine or coupon dispenser T.

Subsequently, terminal T, at the first location, retrieves and displays only coupons currently available to the identified consumer, identified via the credit card having a unique account number or identifier. Here, the customer can select and print at least one coupon via a printer connected to the terminal T (presenting the customer's credit card or object to a first reader device at a first location or terminal T installed at a first store and triggering a first response or issue a first coupon to the customer).

Further, upon activation, terminal T determines whether the same <u>credit card account</u> number has been used within the last week or other pre-designated period by comparing the present <u>credit card</u> number with those stored in memory or database coupled to processor 22 of the terminal T. If so, microcomputer 22 permits only those coupons still available for selection by that particular customer <u>account</u> number to be displayed. If, for example, the manufacturer has prescribed a one per customer limit for a coupon, and that coupon has been previously issued to the customer under the same credit card <u>account</u> number, then the coupon will not be displayed. Furthermore, even if the particular credit <u>account</u> number has no selection history and if the maximum number of a particular coupon either collectively or on a store-by-store basis has been issued, that coupon will no longer be displayed. In this fashion, a manufacturer is provided with much more control over the maximum redemption liability. It should be recognized here that the customer comes to the (first) store and presents his credit card or object to a first reader device or Activator A, coupled to a first terminal T or kiosk, which senses the card and reads the customer's account number and issues a first response or a first coupon accordingly. Then the customer takes the issued or printed coupon to the cashier at the first store and uses the same object or credit card to identify himself, during the transaction, to thereby trigger a second response or a redemption of the coupon and/or to simply pay for the transaction, which involves the redemption of the coupon upon acquiring or purchasing the required product

(sensing the same object at the first store checkout or cash register reader or second reader and triggering a second response or a redemption process or a payment process).

It should further be understood that the customer can subsequently take the same object or credit card to a second store or POS and present it to a second reader device or Activator A, coupled to a second and different terminal T or kiosk, which senses the card and reads the customer's account number and issues a second different response or a second different coupon, different from the first response or the first coupon issued at the first store or store terminal or kiosk T, based on the coupons currently available to the customer as per the central database or as per the coupons or promotions for the second store or based upon information related to the customer's credit card or object account number stored in the second terminal T or processor 22 database installed in the second store, wherein the first coupon may not even be available (since the coupon is store specific), under the customer's credit card account, if it was a one per customer-only or one time type coupon or promotion.

In short, Lemon discloses using by a customer an object or a credit card (as an identification means) at a first store terminal or Kiosk (first location) to trigger a first response or obtain at least one specific printed coupon and wherein the customer takes the printed coupon to the cash register or checkout station (second location) at the same store for redemption and the same object or credit card is now used, as a payment instrument, to trigger a second response (different from the first response) or to pay for the transaction upon purchasing the required product related to the presented coupon. Furthermore, the customer can subsequent (at a time t2) take the same object or credit card to a second, remote and (different) distinct second store to trigger a second and different response or to obtain a

second coupon from a second terminal or kiosk T installed within the second store, wherein

the second coupon is different from the first coupon since the coupon is store specific or

varies with the location of the terminal or coupon dispenser T.

(Col. 5: 45 to col. 6:10; col. 10: 17-61; col. 19: 51 to col. 20: 5; col. 29: 66 to col. 30:

20).

**Here, Lemon does not explicitly disclose digitally watermarking an object, such as
a coffee cup or coffee jacket, and decoding the information therefrom (here, the
decoding process is clearly expected in reading the watermarked object).**

However, electronically or digitally watermarking an object or document to ensure their

authenticity to thereby identify or detect any copies of the object or document is old and well

known in the art. Indeed, a watermark is a mark, which is difficult to reproduce and it is laid

over some other existing information for the purpose of identification and authenticity of the

underlying information (e.g. visible watermark on US currency). Further, electronic or digital

watermark is invisible or imperceptible to the user. Therefore, electronically or digitally

watermarking an object (credit card) or document makes it impossible to reproduce the object

since the photocopies of the said object will not contain the invisible or imperceptible watermark

(mark) ("Official Notice").

Furthermore, contrary to the Appellant's contention, watermarking a coffee cup or a

coffee cup jacket, a book cover, a driver's license, a dollar bill, etc., (or placing the

watermark on a coffee cup or jacket for a coffee cup, a book cover, a driver's license, a

dollar bill....) is a matter of choice or desires, design specification or a matter of convenience, which does not directly affect or impact the functionality or the utility of the system and in the end produces the same result. Technically speaking, the watermark can be placed on any article of commerce or product (including a credit card) without affecting the functionality of the system, which is operable to produce a first response at a first location and a second and different response at a second location.

Therefore, an ordinary skilled artisan would have been motivated at the time of the invention to incorporate the above disclosure ("Official Notice") into the coupon distribution system of Lemon so as to create a digital watermark image and then embed the watermarked image, containing customer's information used to assist in authenticating the credit card and/or the credit card holder, into the customer's credit card or imprint an invisible digital mark on the customer's credit card and to use a watermark reader, coupled to a terminal T operable to decode the digital watermark sensed or detected from the customer's credit card when the customer presents the digitally watermarked credit card to the watermark reader to activate the terminal T and receive a first coupon at a first location and a second and different coupon at a second location when the same credit card is sensed or read by a second watermark reader device, wherein the second coupon is different from the first coupon, thereby adding an extra layer of security or protection to the coupon distribution and redemption system by completely eliminating the possibility that a malicious customer might duplicate a credit card (making credit card copies) and attempt to access a terminal T at a participating location to print one or more coupons associated with the credit card account for the digital watermark cannot be reproduced, while providing full control over the distribution and redemption of the coupons to the manufacturer who cannot be duped by unscrupulous customers using phony and unregistered credit cards, as identification means to access, the system (i.e. credit cards without an embedded digital watermark).

Here, contrary to the Appellant's remarks, the limitations of the claims, especially of

claims 2, 5 and 7, were properly interpreted and were given full patentable weight, as seen

above, and thus, the Examiner has established a prima facie case and the obviousness rejection is

said to be proper and well within the level of skills of an ordinary artisan. Moreover, regarding

claim 7, it is clear that the watermark can be placed on any article of commerce, such as a dollar

bill, a book cover, a driver's license, etc., and the end result will be the same as shown above (as

further supported in the specification). This conclusion is well within the level of skills of an

ordinary artisan at the time of the invention. Further, the Appellant has failed to clearly

demonstrate in the specification what the advantages or disadvantages of placing the watermark

on a coffee cup instead of a jacket for a coffee cup are. Additionally, **it must be recognized that**

any judgment on obviousness is in a sense necessarily a reconstruction based upon some

kind of hindsight reasoning. But so long as it takes into account only knowledge which was

within the level of ordinary skill at the time the claimed invention was made, and does not

include knowledge gleaned only from the applicant's disclosure, such a reconstruction is proper.

See *In re McLaughlin*, 443 F.2d 1392, 170 USPQ 209 (CCPA 1971).

Third of all, regarding the 103 Rejection, it appears that the Appellant disagrees with the

Examiner's taking of "Official Notice" for certain aspects of the claimed invention and herein

request a written document in support. However, the Appellant has failed to explicitly point out

the deficiencies in the "Official Notice". In other words, the Appellant has failed to demonstrate

whether or not the Examiner's assertion are factually inaccurate based on printed documents

supplied by the Appellant or based on the Appellant's own background in the art. The fact that a

printed material is not readily available during examination of an Application does not

necessarily imply that the claimed subject matter is patentable. However, having said that and

contrary to the Appellant's conclusion, the "Official Notice" is proper for the materials or facts

recited therein are well known and capable of instant and unquestionable demonstration (MPEP

2144.03). For instance, the "Official Notice" recites that digital watermark is placed on US

currency such as a dollar bill, which is well known and capable of instant and unquestionable

demonstration. Here, the dollar bill is the evidence or the proof to support the "Official Notice".

Further, the Appellant has admitted in the background section of the specification (page 1: 29-

30) that many watermarked techniques are well known in the art. Here, the Examiner needs no

evidence to support what is said to be well known by the Appellant's own admissions. Hence,

the "Official Notice" is well supported and the obviousness rejection is proper.

II. **In Response To The Reply Brief Filed on 07/17/06**

NEW GROUND(S) OF REJECTION

First, although the Appellant had failed here to point out the deficiencies in the "Official

Notice" or more particularly challenged the assertion that "watermarking" is well known,

however, the Appellant argued that "digitally or electronically watermarking" is not so well

known or well documented in the art. The Examiner submits that "watermarking an object or

document to ensure their authenticity to thereby identify any copies of the object or document is old

and well known in the art" **instead of "electronically or digitally watermarking an object or**

document to ensure their authenticity to thereby identify any copies of the object or document is

old and well known in the art", as the Appellant seems to suggest. Second, Appellant admitted on

page 1, lines 30 and 31, of the specification that "A great variety of particular watermarking techniques

are known to artisans in the field". That variety of watermarking techniques could very well include a

process for electronically or digitally watermarking an object. Finally, contrary to the Appellant's

contention, it appears that the specification does not show, especially since there is no drawing, how a

digital watermark encoded on a coffee cup, for example, is read by a reader since it seems that the

Appellant treats the digital watermark as an invisible (imperceptible) mark. In other words, it appears

that the digital watermark is not immediately printed or visible on the coffee cup. Thus, it is not

understood how the reader will sense the digital watermark on the coffee cup.

Therefore, the Appellant's request for allowance or withdrawal of the last Office Action has

been fully considered and respectfully denied in view of the foregoing response since the

Appellant's arguments as herein presented are not plausible and thus, the rejections should be

sustained.

(11) Related Proceeding(s) Appendix

No decision rendered by a court or the Board is identified by the examiner in the Related

Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

JDJ

06/26/07

JEAN D. JANVIER
PRIMARY EXAMINER

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Eric Stamber (SPE)

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